

## Board Meeting

|                     |                                  |
|---------------------|----------------------------------|
| Date of Meeting     | Friday 1 July 2016               |
| Paper Title         | Risk register                    |
| Agenda Item         | 7                                |
| Paper Number        | BM7-D                            |
| Responsible Officer | Robin Ashton, Executive Director |
| Status              | Disclosable                      |
| Action              | For Discussion                   |

### 1. Report Purpose

1.1. This paper presents the current version of GCRB's risk register.

### 2. Recommendations

2.1. The Board is invited to

- **note** the attached GCRB risk matrix, risk register and individual risk management action plans;
- **consider** any changes to the risk register in relation to the GCRB operating environment and risk management updates;
- **consider** changes to the risk register in light of the recommendations made by the GCRB internal auditor following a review of GCRB risk management;
- **request** the GCRB Executive Director to update the GCRB risk register in line with these considerations and present this to the next meeting of the GCRB Board.

### 3. Background

3.1. At its April 25 Board meeting, the Board agreed, following discussion of changes to risk levels, to remove the following two risks from the register:

- if there is a lack of consensus between GCRB and the assigned college boards on a shared strategy for the Glasgow region, GCRB's ability to make a positive impact on learning opportunities for students will be reduced; and
- if the quality of governors or senior personnel at one of the assigned colleges falls below the required level, the strategic and operational effectiveness of the college will be reduced.

3.2. Compared to the previous version of the risk register (and taking into account the discussion at the previous Board meeting):

- the net risk score for Risk 8 (if there is a material shortfall in the quality of facilities, student success will be reduced) has increased due to an assessment of increased likelihood (from 1 to 2) based on the approximate 15% reduction to the SFC capital grant allocation to the Glasgow Region for 2016/17.
- all other risks assessments remain as presented to the Board at its meeting on April 25<sup>th</sup>, 2016.

#### **4. Internal Audit of GCRB Risk Management**

- 4.1.** GCRB Risk Management was reviewed by Henderson Loggie as part of GCRB internal audit for 2015/16. The final audit report was considered by the GCRB audit Committee on June 13<sup>th</sup>, 2016 and is attached as Annex D for members' information.
- 4.2.** The scope of this audit covered whether there are adequate policies and procedures in place to assess risk and mitigate against the possibility of unexpected and unplanned events and situations developing. The overall objective of our audit was to obtain reasonable assurance that systems in place are sufficient to ensure that GCRB's principal risks are identified and responses to these risks are appropriate so overall risk is kept within GCRB's approved levels of tolerable risk.
- 4.3.** The internal audit final report concluded that was an overall satisfactory level of assurance. Strengths identified were:
  - there is a robust risk management framework in place, with a detailed Risk Management Policy and Procedure and Risk Management Guidance which sets out responsibilities, risk tolerances and risk scoring definitions;
  - there is a risk register in place which is regularly reviewed and reported to the GCRB Board;
  - risk mitigating action plans set out in detail risk mitigating action, and regular updates on mitigating actions are provided to the Audit Committee; and
  - there were formal plans for assurance from assigned colleges to be obtained and reported on to the Audit Committee.
- 4.4.** In terms of recommendations for improvement, weaknesses were also highlighted in a small number of areas for improvement within the Risk Management Policy and Procedure and Risk Management Guidance. GCRB management actions to address these will be reported to the next meeting of the GCRB Audit Committee.
- 4.5.** With respect to internal audit recommendations relating to GCRB Board responsibilities, the internal audit report noted that most of the risks identified by GCRB were above their risk tolerance acceptable scores.
- 4.6.** The GCRB Board is therefore asked to consider whether the risk tolerances specified should be amended or further mitigating controls put in place, or a mixture of both.
- 4.7.** To aid consideration of this recommendation, attached as Annex E is an extract outlining the GCRB position on risk tolerance taken from the GCRB Risk Policy and Procedure Members. Members should note in this, the tolerance for reputational risks

is set at a score of one and that six of the GCRB identified risks relate to reputation. Given that the impact of any reputational damage is likely to be significant, this explains in part as to why such a high proportion of GCRB risks are assessed as being above their specified tolerance.

**4.8.** It was also recommended that the GCRB Board consider adding additional risks to the register following a review by the internal auditors of the GCRB risk register in comparison to two other FE Colleges' risk registers, and also from their own consideration of key risks relating to GCRB. The auditors noted that the following items could be considered for including on the GCRB strategic risk register:

- Disruption to services and/or partnership working resulting from loss of a key staff member or over office space/IT equipment; and
- The Regional Outcome Agreement is not appropriately aligned with local needs/poor market intelligence.

**4.9.** The internal auditors also noted that Risk 10 relates to reputation risk but could be better reworded to deal with external public relations and media relations as well; and

**4.10.** GCRB Board members are asked to consider these recommendations made by the internal auditor.

## **5. Legal Implications**

**5.1.** Paragraph 17 of the Financial Memorandum between the Scottish Funding Council and GCRB requires GCRB to have an effective policy of risk management and risk management arrangements.

## **6. Financial Implications**

**6.1.** Relevant financial risks are referred to in the risk register.

## **7. Regional Outcome Agreement Implications**

**7.1.** Through the conditions of grant associated with the Regional Outcome Agreement, GCRB is required to conduct its affairs in accordance with the expected standards of good governance, which include operating appropriate risk management arrangements.

**Strategic Risk Assessment Matrix: 1 July 2016**  
 (Shows net risk scores, i.e. after 'treatment')

|                            | Low Impact 1  | Medium Impact 2  | High Impact 3  |
|----------------------------|---|--|--|
| <b>Low Likelihood 1</b>    | 0001 Recruitment of new board members<br><span style="float: right;">1</span> | 0004 Performance<br>0005 Stakeholder relations<br>0009 Student support funds<br><span style="float: right;">2</span> | 0003 Fully operational fundable body status<br><span style="float: right;">3</span>  |
| <b>Medium Likelihood 2</b> | <span style="float: right;">2</span>  | 0002 SG and SFC financial decisions<br>0008 New estates and developments<br><span style="float: right;">4</span>     | 0006 Quality of GCRB governance<br>0007 Staff confidence in key change activities<br>0010 Overall reputation<br><span style="float: right;">6</span> |
| <b>High Likelihood 3</b>   | <span style="float: right;">3</span>  | <span style="float: right;">6</span>   | <span style="float: right;">9</span>   |



## Risk Register: 25 April 2016

| RISK DETAIL                         |  |                                |         |       |            |            |        |                |                | CURRENT EVALUATION OF RISK (after treatment) |  |  |  | AIM and PROGR |
|-------------------------------------|--|--------------------------------|---------|-------|------------|------------|--------|----------------|----------------|--|--|--|--|---------------|
| Outcome                             | Risk Description   | Tolerance types                | Risk ID | Level | Risk Owner | Likelihood | Impact | Net Risk Score | Risk tolerance | Risk Movement                                |  |  |  |               |
| All                                 | If potential applicants do not perceive there to be a value in applying to be board members, the quality of GCRB and college governance could be reduced   | Reputation, Compliance         | 0001    | 1     | Chair      | 1          | 1      | 1              | 1              | 0  |  |  |  |               |
| All                                 | If Scottish Government and SFC are unable to allocate adequate resources for the college sector and Glasgow respectively, it might not be possible to sign the Regional Outcome Agreement and its delivery will be put in jeopardy | Financial                      | 0002    | 1     | ICO        | 2          | 2      | 4              | 3              | 0  |  |  |  |               |
| All                                 | If SFC is not satisfied with how GCRB has responded to its requirements for fully-operational fundable body status, GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained         | Reputation, Compliance         | 0003    | 1     | ICO        | 1          | 3      | 3              | 1              | 0  |  |  |  |               |
| High quality and efficient learning | If there is breakdown in performance in the assigned colleges (including academic quality management arrangements and financial sustainability), the Regional Outcome Agreement targets may not be achieved.                       | Education & student experience | 0004    | 1     | ICO        | 1          | 2      | 2              | 4              | 0  |  |  |  |               |
| All                                 | If key stakeholders lose confidence in GCRB, leverage of current and future partnership resources for delivery of the ROA will be impaired.  | Reputation                     | 0005    | 1     | ICO        | 1          | 2      | 2              | 1              | 0  |  |  |  |               |
| All                                 | If the assigned colleges lack confidence in the quality of GCRB's governance, effective collaboration across the region will be impaired and GCRB's ability to   | Reputation                     | 0006    | 1     | Chair      | 2          | 3      | 6              | 1              | 0  |  |  |  |               |
| All                                 | If staff across the region lack confidence in regional co-ordination of key change activities, collaboration will be ineffective.  | People and culture             | 0007    | 1     | ICO        | 2          | 3      | 6              | 2              | 0  |  |  |  |               |

| RISK DETAIL |   |  |         |       |            |            | CURRENT EVALUATION OF RISK (after treatment) |                |                |               |  | AIM and PROGR |
|-------------|---|--|---------|-------|------------|------------|--|----------------|----------------|---------------|--|---------------|
| Outcome     | Risk Description  | Tolerance types                            | Risk ID | Level | Risk Owner | Likelihood | Impact                                       | Net Risk Score | Risk tolerance | Risk Movement |  |               |
| All         | If there is a material shortfall in the quality of facilities, student success will be reduced  | Major change activities                    | 0008    | 1     | ICO        | 2          | 2  | 4              | 2              | 2             |  |               |
| All         | If there are insufficient non-advanced student support funds, students will be unable to take up places offered and activity targets will not be met.       | Reputation, Education & student experience | 0009    | 1     | ICO        | 1          | 2  | 2              | 1              | 0             |  |               |
| All         | If GCRB is unable to improve its reputation, its ability to ability to make a positive difference on the student experience in Glasgow might be constrained | Reputation                                 | 0010    | 1     | ICO        | 2          | 3  | 6              | 1              | 0             |  |               |

**Key:**

Chair = Chair of GCRB

ED = Executive Director

Proposed movement or change

## Glasgow Colleges' Regional Board

## Risk Management Action Plan

**Risk that:** If potential applicants do not perceive there to be a value in applying to be board members, the quality of GCRB and college governance could be reduced

**Risk ID:** 0001

**Cross references to related risks:** 0003, 0005, 0006, 0010

**Owned by:** Chair

**Date of this review:** 25 April 2016

**Date of next review:** 29 August 2016

## Update

Treatment:

- Wide promotion of vacancies
- Close liaison with Scottish Government over timing of promotion
- Targeted direct promotion of relevant organisations and individuals

Commentary (Update):

- Overall, the recruitment of board members to GCRB and the assigned colleges has been much more successful than expected.
- However, there was a lack of applicants with suitable financial background and consideration is now being given to a specific exercise later this year.
- New advert to be published for a GCRB member with a financial background.

**Gross risk score:**

(assuming no treatment):

Likelihood – 1

Impact – 1

Gross score - 1

**Risk tolerance score:** Reputation / Compliance - 1

**Previous net Risk Score (as previously reported to Board):**

Likelihood – 1

Impact – 1

Net score – 1

**Current net Risk Score (after treatment):**

Likelihood – 1

Impact – 1

Net score - 1



## Glasgow Colleges' Regional Board

## Risk Management Action Plan

**Risk that:** If Scottish Government and SFC are unable to allocate adequate resources for the college sector and Glasgow respectively, it might not be possible to sign the Regional Outcome Agreement and its delivery will be put in jeopardy

**Risk ID:** 0002

**Cross references to related risks:** 0004, 0006, 0008, 0009

**Owned by:** Executive Director

**Date of this review:** 25 April 2016

**Date of next review:** 29 August 2016

## Update

Treatment:

- Reporting to Perf. & Res. Committee of financial position of assigned colleges.
- Reporting to SFC any aspects of 2015-16 ROA which may be at risk due to financial constraints.
- Preparation of 2016-17 ROA integrated with financial planning.
- Exploration of opportunities for cross-region approaches to attracting new funding sources, or for making efficiency savings through shared services.

Commentary (Update):

- Preparation of the 2016-17 Regional Outcome Agreement is on track.
- SFC Funding announcement includes 1% uplift for cost pressures and additional funding for transition to simplified funding method.
- Discussions are starting between GCRB and the colleges about opportunities for cross-region approaches to attracting new funding sources.
- Regular meetings have been held with the Scottish Funding Council at which detailed information has been provided in relation to Glasgow's funding expectations. Request made to SFC to reconsider decision not to provide full transition funding to the Glasgow region.
- Commitment to review regional shared services options made within 2016/17 ROA.

**Gross risk score:**

(assuming no treatment):

Likelihood – 2

Impact – 3

Gross score - 6

**Risk tolerance score:** Financial - 3

**Previous net Risk Score (as previously reported to Board):**

Likelihood – 2

Impact – 2

Net score – 4

**Current net Risk Score (after treatment):**

Likelihood – 2

Impact – 2

Net score – 4

## Glasgow Colleges' Regional Board

| Risk Management Action Plan  |  |
|--|--|
| <b>Risk that:</b> If SFC is not satisfied with how GCRB has responded to its requirements for fully-operational fundable body status, GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained |  |
| <b>Risk ID:</b> 0003   | <b>Cross references to related risks:</b> 0001, 0006 |
| <b>Owned by:</b> Executive Director  | <b>Date of this review:</b> 25 April 2016            |
|  | <b>Date of next review:</b> 29 August 2016           |

| Update  |   |
|---|---|
| Treatment:  |   |
| <ul style="list-style-type: none"> <li>• Reporting to Performance &amp; Resources Committee of progress against plan.</li> <li>• Minimum of monthly meetings with SFC to review progress.</li> <li>• Maximise the extent to which GCRB operates as if it does have full-operational fundable body status.</li> <li>• Establish transition planning group with SFC, GCRB and college representatives.</li> </ul>   |   |
| Commentary (Update):  |   |
| <ul style="list-style-type: none"> <li>• The Scottish Government has appointed GCRB's permanent Chair and an Executive Director has been recruited.</li> <li>• The SFC has stated that it expects GCRB to achieve fully-operational fundable body status by 1 August 2016.</li> <li>• In practical terms (including committee and board business), GCRB is continuing to operate, as far as possible, on the assumption it does have full status.</li> <li>• GCRB wrote to SFC on 8 June 2016 requesting further information on outstanding assurances required and planning is in place to provide these within established timescales.</li> </ul> |   |
| <b>Gross risk score:</b><br>(assuming no treatment):<br><br>Likelihood – 2<br>Impact – 3<br>Gross score - 6<br><br><b>Risk tolerance score:</b> Reputation /<br>Compliance - 1  | <b>Previous net Risk Score (as previously reported to Board):</b><br><br>Likelihood – 1<br>Impact – 3<br>Net score – 3<br><br><b>Current net Risk Score (after treatment):</b><br>Likelihood – 1<br>Impact – 3<br>Net score - 3 |

## Glasgow Colleges' Regional Board

| Risk Management Action Plan  |  |
|--|--|
| <b>Risk that:</b> If there is breakdown in performance in the assigned colleges (including academic quality management arrangements and financial sustainability), the Regional Outcome Agreement targets may not be achieved. |  |
| <b>Risk ID:</b> 0004   | <b>Cross references to related risks:</b> 0002, 0008, 0009 |
| <b>Owned by:</b> Executive Director  | <b>Date of this review:</b> 25 April 2016                  |
|  | <b>Date of next review:</b> 29 August 2016                 |

| Update  |   |
|---|---|
| Treatment:  |   |
| <ul style="list-style-type: none"> <li>• Reporting to each meeting of the Perf. &amp; Res. Comm. of progress against the ROA and on financial sustainability (including employment costs).</li> <li>• Reporting to the Perf. &amp; Res. Comm. of progress in implementation of actions agreed between a college and SFC in relation to academic quality reviews.</li> <li>• Provision of annual assurance by each assigned college board of adequacy of academic quality arrangements.</li> <li>• Provision of annual assurance information by each assigned college on financial and governance arrangements.</li> </ul> |   |
| Commentary (Update):  |   |
| <ul style="list-style-type: none"> <li>• The reports to date indicate good progress with implementation of the 2015-16 Regional Outcome Agreement.</li> <li>• The financial sustainability report for the next meeting of the Performance &amp; Resources Committee will include a briefing on future developments in relation to employment costs.</li> <li>• Both the previous assessment and the current assessment score this risk at or below the target risk score.</li> </ul>  |   |
| <b>Gross risk score:</b><br>(assuming no treatment):<br><br>Likelihood – 1<br>Impact – 3<br>Gross score - 3<br><br><b>Risk tolerance score:</b> Education & student experience - 4  | <b>Previous net Risk Score (as previously reported to Board):</b><br><br>Likelihood – 1<br>Impact – 2<br>Net score – 2<br><br><b>Current net Risk Score (after treatment):</b><br>Likelihood – 1<br>Impact – 2<br>Net score - 2 |

## Glasgow Colleges' Regional Board

| Risk Management Action Plan   |  |
|---|--|
| <b>Risk that:</b> If key stakeholders lose confidence in GCRB, leverage of current and future partnership resources for delivery of the ROA will be impaired. |  |
| <b>Risk ID:</b> 0005  | <b>Cross references to related risks:</b> 0001, 0006, 0010 |
| <b>Owned by:</b> Executive Director   | <b>Date of this review:</b> 25 April 2016                  |
|   | <b>Date of next review:</b> 29 August 2016                 |

| Update   |   |
|--|---|
| Treatment:   |   |
| <ul style="list-style-type: none"> <li>• Regular engagement with key stakeholder organisations on a cross-region basis.</li> <li>• Regular engagement by the Chair and Executive Director with senior officers in the assigned colleges</li> </ul>   |   |
| Commentary (Update):   |   |
| <ul style="list-style-type: none"> <li>• The new Chair has undertaken a programme introductory meetings with key stakeholders</li> <li>• The cross-college structures at management level are operating well and are providing the necessary support for development of the 2016-17 Regional Outcome Agreement</li> <li>• It is planned to run a Glasgow-wide strategy conference in the autumn</li> </ul> |   |
| <b>Gross risk score:</b><br>(assuming no treatment):<br><br>Likelihood – 2<br>Impact – 2<br>Gross score - 4<br><br><b>Risk tolerance score:</b> Reputation - 1   | <b>Previous net Risk Score (as previously reported to Board):</b><br><br>Likelihood – 1<br>Impact – 2<br>Net score – 2<br><br><b>Current net Risk Score (after treatment):</b><br>Likelihood – 1<br>Impact – 2<br>Net score - 2 |

## Glasgow Colleges' Regional Board

## Risk Management Action Plan

**Risk that:** If the assigned colleges lack confidence in the quality of GCRB's governance, effective collaboration across the region will be impaired and GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained

**Risk ID:** 0006 **Cross references to related risks:** 0001, 0002, 0003, 0005, 0007, 0010

**Owned by:** Chair **Date of this review:** 25 April 2016

**Date of next review:** 29 August 2016

## Update

## Treatment:

- Involvement of senior officers in board and committee meetings of GCRB.
- Institution of continuous development programme for board members of GCRB.
- Programme of engagement between key stakeholders, the Chair and Executive Director.
- Regular engagement by the Chair and Executive Director with senior officers in the assigned colleges.
- Work of GCRB internal audit.
- Conduct of annual board effectiveness reviews (including compliance with relevant governance standards and requirements).

## Commentary (Update):

- The Chair has attended board meetings of the assigned colleges.
- The cross-college structures at management level are operating well and are providing the necessary support for development of the 2016-17 Regional Outcome Agreement.
- Three internal audit assignments have been completed.
- The first board effectiveness review was considered at the 25/4/2016 Board meeting.
- The external audit report on GCRB's first set of accounts noted that the issues identified in relation to 2014-15 were being addressed.
- A recruitment process for GCRB's Executive Director was completed.
- Progress is being made with specific collaborative developments, such as with the curriculum hubs.

**Gross risk score:**

(assuming no treatment):

Likelihood – 2

Impact – 3

Gross score - 6

**Risk tolerance score:** Reputation - 1

**Previous net Risk Score (as previously reported to Board):**

Likelihood – 2

Impact – 3

Net score – 6

**Current net Risk Score (after treatment):**

Likelihood – 2

Impact – 3

Net score – 6

## Glasgow Colleges' Regional Board

| Risk Management Action Plan   |  |
|---|--|
| <b>Risk that:</b> If staff across the region lack confidence in regional co-ordination of key change activities, collaboration will be ineffective. |  |
| <b>Risk ID:</b> 0007  | <b>Cross references to related risks:</b> 0006 |
| <b>Owned by:</b> Executive Director   | <b>Date of this review:</b> 25 April 2016      |
|   | <b>Date of next review:</b> 29 August 2016     |

| Update   |  |
|--|--|
| <p>Treatment:</p> <ul style="list-style-type: none"> <li>• Development of forum with staff trade unions.</li> <li>• Plan for development of ROA maximises involvement of assigned colleges.</li> <li>• Plan for development of ROA ensures integration with financial planning.</li> <li>• Programme of engagement between key stakeholders, the Chair and Executive Director.</li> <li>• Regular engagement by the Chair and Executive Director with senior officers in the assigned colleges.</li> <li>• Development of a communication approach with staff across the region.</li> </ul>        |  |
| <p>Commentary (Update):</p> <ul style="list-style-type: none"> <li>• GCRB's preparation of the 2016-17 Regional Outcome Agreement is on track (although delayed due to late announcement of funding).</li> <li>• Although discussions have continued about the arrangements for a partnership forum, the individual trade unions are still considering their preferences. In the meantime, individual update meetings have been held with all the relevant trade unions.</li> <li>• Work has not yet commenced on development of a communication approach with staff across the region.</li> </ul> |  |
| <p><b>Gross risk score:</b><br/>(assuming no treatment):</p> <p>Likelihood – 2<br/>Impact – 3<br/>Gross score - 6</p> <p><b>Risk tolerance score:</b> People and culture - 2</p>   | <p><b>Previous net Risk Score (as previously reported to Board):</b></p> <p>Likelihood – 2<br/>Impact – 3<br/>Net score - 6</p> <p><b>Current net Risk Score (after treatment):</b></p> <p>Likelihood – 2<br/>Impact – 3<br/>Net score - 6</p> |

## Glasgow Colleges' Regional Board

| Risk Management Action Plan  |  |
|--|--|
| <b>Risk that:</b> If there is a material shortfall in the quality of facilities, student success will be reduced |  |
| <b>Risk ID:</b> 0008   | <b>Cross references to related risks:</b> 0002, 0004 |
| <b>Owned by:</b> Executive Director  | <b>Date of this review:</b> 25 April 2016            |
|  | <b>Date of next review:</b> 29 August 2016           |

| Update  |   |
|---|---|
| Treatment:  |   |
| <ul style="list-style-type: none"> <li>Regular liaison with senior college staff on estates issues.</li> <li>Regular liaison with senior staff City of Glasgow College officers to receive updates on progress and contingency planning.</li> </ul>   |   |
| Commentary (Update):  |   |
| <ul style="list-style-type: none"> <li>Progress with City of Glasgow College's new City Campus building is on track.</li> <li>Glasgow Kelvin College has identified specific issues with its Springburn campus, and is seeking to manage these.</li> <li>The Cardonald campus of Glasgow Clyde College needs development.</li> <li>2016/17 capital grant funding reduced by 14.7%. The SFC regional allocation method altered to a set rate per credit (£9.33). Further work is required to more clearly identify region estates development priorities.</li> </ul> |   |
| <b>Gross risk score:</b><br>(assuming no treatment):<br><br>Likelihood – 2<br>Impact – 3<br>Gross score - 6<br><br><b>Risk tolerance score:</b> Major change activities - 2   | <b>Previous net Risk Score (as previously reported to Board):</b><br><br>Likelihood – 1<br>Impact – 2<br>Net score – 2<br><br><b>Current net Risk Score (after treatment):</b><br><br>Likelihood – 2<br>Impact – 2<br>Net score - 4 |

## Glasgow Colleges' Regional Board

| Risk Management Action Plan   |  |
|---|--|
| <b>Risk that:</b> If there are insufficient non-advanced student support funds, students will be unable to take up places offered and activity targets will not be met. |  |
| <b>Risk ID:</b> 0009  | <b>Cross references to related risks:</b> 0002, 0004 |
| <b>Owned by:</b> Executive Director   | <b>Date of this review:</b> 25 April 2016            |
|   | <b>Date of next review:</b> 29 August 2016           |

| Update  |   |
|---|---|
| Treatment:  |   |
| <ul style="list-style-type: none"> <li>Regular reporting to SFC and Scottish Government of projected regional spend compared to available funding.</li> <li>Sharing of projected spend information across the region and consideration of re-allocation of available budget.</li> <li>Seek to maximise consistency of how student support funding policies are applied across the region.</li> </ul>  |   |
| Commentary (Update):  |   |
| <ul style="list-style-type: none"> <li>A combination of Glasgow securing additional resources from SFC and revised projections means that the student support budgets are now in balance.</li> <li>Since most of these revisions will roll forward to 2016-17, it is hoped that there will not be serious issues with next year's student support budgets.</li> <li>Initial allocations of student support funding for 2016/17 reduced by 1.5% over 2015/16 levels. However, additional funding set aside by SFC for in-year allocation according to demand.</li> </ul> |   |
| <b>Gross risk score:</b><br>(assuming no treatment):<br><br>Likelihood – 1<br>Impact – 2<br>Gross score - 2<br><br><b>Risk tolerance score:</b> Reputation /<br>Education & student experience - 1  | <b>Previous net Risk Score (as previously reported to Board):</b><br><br>Likelihood – 1<br>Impact – 2<br>Net score - 2<br><br><b>Current net Risk Score (after treatment):</b><br><br>Likelihood – 1<br>Impact – 2<br>Net score - 2 |



## Glasgow Colleges' Regional Board

| Risk Management Action Plan  |  |
|--|--|
| <b>Risk that:</b> If GCRB is unable to improve its reputation, its ability to make a positive difference on the student experience in Glasgow might be constrained |  |
| <b>Risk ID:</b> 0010   | <b>Cross references to related risks:</b> 0001, 0005, 0006 |
| <b>Owned by:</b> Executive Director  | <b>Date of this review:</b> 25 April 2016                  |
|  | <b>Date of next review:</b> 29 August 2016                 |

| Update   |   |
|--|---|
| Treatment:   |   |
| <ul style="list-style-type: none"> <li>• Regular engagement with key stakeholder organisations on a cross-region basis.</li> <li>• Exploration of a collaborative approach to region-wide reputation management.</li> </ul>  |   |
| Commentary (Update):   |   |
| <ul style="list-style-type: none"> <li>• A programme of co-ordinated engagement with key stakeholders is continuing.</li> <li>• GCRB Chair and Executive Director interviewed by Times Educational Supplement.</li> <li>• Initial consideration of a cross-region approach to reputation management has been undertaken</li> </ul> |   |
| <b>Gross risk score:</b><br>(assuming no treatment):<br><br>Likelihood – 2<br>Impact – 3<br>Gross score - 6<br><br><b>Risk tolerance score:</b> Reputation - 1   | <b>Previous net Risk Score (as previously reported to Board):</b><br><br>Likelihood – 2<br>Impact – 3<br>Net score - 6<br><br><b>Current net Risk Score (after treatment):</b><br><br>Likelihood – 2<br>Impact – 3<br>Net score - 6 |



**Glasgow Colleges' Regional Board**

**GCRB Risk Management / Oversight of Assigned College's Risk Management**



**Internal Audit Report No: 2016/02**

**Draft Issued: 30 May 2016**

**Final Issued: 3 June 2016**

**LEVEL OF ASSURANCE**

**Satisfactory**



## Content

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| <b>Section 4</b> | <b>Scope, Objectives and Overall Findings</b> | <b>1 - 2</b>  |
| <b>Section 5</b> | <b>Audit Approach</b>                         | <b>2</b>      |
| <b>Section 6</b> | <b>Summary of Main Findings</b>               | <b>3</b>      |
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### Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

|                             |   |
|-----------------------------|---|
| <b>Good</b>                 | System meets control objectives.  |
| <b>Satisfactory</b>         | System meets control objectives with some weaknesses present.             |
| <b>Requires improvement</b> | System has weaknesses that could prevent it achieving control objectives. |
| <b>Unacceptable</b>         | System cannot meet control objectives.                                    |

### Action Grades

|                   |  |
|-------------------|--|
| <b>Priority 1</b> | Issues which require the consideration of the Board or one of its committees.  |
| <b>Priority 2</b> | Significant matters that the Interim Chief Officer / Executive Director can resolve.   |
| <b>Priority 3</b> | Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale. |

## 1. Overall Level of Assurance

**Satisfactory**

System meets control objectives with some weaknesses present.

## 2. Risk Assessment

This review covered the risk management framework, which encompasses all risks on the Glasgow Colleges' Regional Board's (the GCRB's) Risk Register. As a result no linkage from the audit work to specific risks has been made.

## 3. Background

HM Treasury, in its publication 'The Orange Book: Management of Risk – Principles and Concepts', defines risk management as 'All the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress'.

An effective risk management process is essential to ensure that GCRB can effectively react to risks and continue to operate key activities and ensure that the interests of key stakeholders continue to be met.

The Scottish Government requires that GCRB maintains a risk management framework which is consistent with the Scottish Public Finance Manual requirements. This includes the need to identify and assess risks, set an acceptable level of risk (the risk tolerance), ensure that risks are appropriately responded to and regularly review and monitor these.

## 4. Scope, Objectives and Overall Findings

The scope of this audit covered whether there are adequate policies and procedures in place to assess risk and mitigate against the possibility of unexpected and unplanned events and situations developing.

This included consideration of how GCRB receives assurance that assigned colleges are managing risk.

The overall objective of our audit was to obtain reasonable assurance that systems in place are sufficient to ensure that GCRB's principal risks are identified and responses to these risks are appropriate so overall risk is kept within GCRB's approved levels of tolerable risk. The table below notes secondary objectives for this review and records the results:

## 4. Scope, Objectives and Overall Findings (Continued)

| Objective  | Findings                     |          |          |
|--|------------------------------|----------|----------|
|  | 1                            | 2        | 3        |
| <b>The specific objectives of the audit were to ensure that:</b>   | <b>No. of Agreed Actions</b> |          |          |
| 1. A formal risk management framework is in place which includes: assessing GCRB's propensity for risk; risk identification and assessment; risk mitigation; and reporting and monitoring of key risks                               | Good                         | 0        | 0        |
| 2. Risk management policies and procedures are formally documented   | Satisfactory                 | 0        | 2        |
| 3. Responsibility for managing risks is clearly assigned and responsible individuals have been trained in risk management  | Satisfactory                 | 0        | 1        |
| 4. Risk management is embedded within GCRB's activities and is undertaken on all projects  | Good                         | 0        | 0        |
| 5. There is adequate ongoing monitoring and reporting of risk management processes, as well as consideration of how to continually improve these   | Satisfactory                 | 0        | 3        |
| 6. There is an appropriate process in place in order to gain oversight of assigned colleges' risk management frameworks, and to review the assurance that is provided over these by college management, Boards and external auditors | Good                         | 0        | 0        |
| <b>Overall Level of Assurance</b>  | <b>Satisfactory</b>          | <b>0</b> | <b>1</b> |
|  |                              |          | <b>6</b> |
| System meets control objectives with some weaknesses present.  |                              |          |          |

## 5. Audit Approach

We discussed the risk management process with the GCRB's Interim Chief Officer. Risk management documents and reports were then reviewed to determine whether the risk management process in place was robust and functioning effectively.

We also benchmarked the GCRB's risk management framework against good practice using a comprehensive risk management checklist based on relevant guidance set out in the Scottish Public Finance Manual and other good practice guidance.

## 6. Summary of Main Findings

### **Strengths**

- There is a robust risk management framework in place, with a detailed Risk Management Policy and Procedure and Risk Management Guidance which sets out responsibilities, risk tolerances and risk scoring definitions;
- There is a risk register in place which is regularly reviewed and reported to the GCRB Board;
- Risk Mitigating Action Plans set out in detail risk mitigating action, and regular updates on mitigating actions are provided to the Audit Committee; and
- There were formal plans for assurance from assigned colleges to be obtained and reported on to the Audit Committee.

### **Weaknesses**

- A small number of areas for improvement within the Risk Management Policy and Procedure and Risk Management Guidance were noted;
- Most risks were above their risk tolerance acceptable scores which would indicate that either the tolerances should be amended or further mitigating controls put in place, or a mixture of both; and
- The GCRB risk register could be expanded to include some further risks which we identified.

A number of more minor observations were discussed with the Interim Chief Officer and have been provided separately to the Executive Director for consideration.

## 7. Acknowledgements

We would like to take this opportunity to thank the staff at the GCRB who helped us during the course of our audit visit.

## 8. Action Plan

**Objective 1: A formal risk management framework is in place which includes: assessing GCRB's propensity for risk; risk identification and assessment; risk mitigation; and reporting and monitoring of key risks**

We reviewed the Risk Management framework in place and noted that this was formally set out in the Risk Management Policy and Procedure and Risk Management Guidance. This included:

### **Risk Tolerance**

The Risk Management Policy and Procedure set out the GCRB's risk tolerance (propensity for risk) for a range of different risk categories.

### **Risk Identification**

A strategic risk register was developed by the Interim Chief Officer for the August 2015 Audit Committee meeting, based on SFC and assigned colleges' risk registers. This was reviewed in detail on by the Audit Committee on 27 October 2015. At each quarterly Board meeting since October 2015 the Risk Register has been taken to the Board requesting they 'suggest additions and amendments to the current Risk Register'. The Interim Chief Officer is responsible for updating the Risk Register for any changes highlighted by the Audit Committee.

### **Risk Assessment**

The Risk Register includes an evaluation of likelihood and impact ranked on a scale of one to three, with a maximum score of nine and minimum score of one. There are formal definitions for what each score is and the scores have been considered by the GCRB Board. There is also a risk colour coding (Red = nine, Amber = six, Green = one to four).

### **Risk Mitigation**

The Risk Management Guidance sets out the need to consider how to react to risk either through mitigating, avoiding, transferring, sharing or accepting the risk. The actions to react to risks are set out in the Risk Mitigating Action Plans (Risk MAPs) which are updated by the Interim Chief Officer and reviewed by the Board, with any changes made by the Interim Chief Officer being highlighted to the Board.

### **Risk Reporting and Monitoring and Updating Risk Registers**

The Board reviews the Risk Register to ensure that key risks are captured, suitable mitigating actions are shown on the Risk MAPs, and to agree the residual risk impact and likelihood. The Risk Register is updated quarterly by the Interim Chief Officer, although if any new risks are identified between Board meetings these may be raised by the Interim Chief Officer with the GCRB Chair at their weekly meeting if considered necessary.

| <b>Objective 2: Risk management policies and procedures are formally documented</b>   |   |   |   |
|---|---|---|---|
| The Risk Management Policy and Procedure and Risk Management Guidance documents were reviewed and we consider these provide a robust description of the Risk Management framework, including responsibilities, key documents, requirements, and definitions.  |   |   |   |
| <b>Observation</b>  | <b>Risk</b>   | <b>Recommendation</b>   | <b>Management Response</b>  |
| <p><b>Risk Management Policy and Procedure</b></p> <p>We reviewed the Risk Management Policy and Procedure and under section seven, Responsibilities, noted:</p> <ul style="list-style-type: none"> <li>The Board has advised they wished to be the key group which reviews the risk register but the Risk Management Policy and Procedure is written on the basis that the Audit Committee does this. The 'Role of the Board' and 'Role of the Audit Committee' sections therefore need to be updated to move the responsibilities from the Audit Committee (about advising the Board on the management of significant risks, seeking assurance over less significant risks, and reviewing risks at each main meeting) to the Board; and</li> <li>The Board responsibility for 'monitoring the management of significant risks' could be merged with 'review risks at each main meeting'.</li> </ul> | <p><b>Risk</b></p> <p>If responsibilities for Risk Management are not clearly set out the Risk Management framework may not be as robust as possible,</p> | <p><b>R1</b></p> <p>Review the Risk Management Policy and Procedure and update to reflect the agreed Risk Management responsibilities of the Board and Audit committee.</p> | <p><b>Agreed.</b> Risk Management Policy and Procedure will be redrafted and presented for agreement at the next meeting of the GCRB Audit Committee.</p> <p><b>To be actioned by: GCRB Executive Director</b></p> <p><b>No later than: August 2016</b></p> |
|   |   | <b>Grade</b>  | <b>3</b>  |



| Objective 2: Risk management policies and procedures are formally documented (Continued)  |   |  |   |              |          |
|---|---|--|---|--------------|----------|
| Observation   | Risk  | Recommendation   | Management Response   |              |          |
| <p><b>Risk Management Guidance</b><br/>We reviewed the Risk Management Guidance and noted a number of points. A number of minor points have been raised with the Interim Chief Officer for consideration. The most significant items noted are:</p> <p><b>Section Seven – Risk Management Action Plans</b></p> <ul style="list-style-type: none"> <li>The Risk Management Guidance does not state that the Risk Management Action Plans should detail how the risks are being treated, including key mitigating activities; and</li> <li>The Risk Management Guidance does not state that, where appropriate, specific activities being undertaken should be written in a way to ensure these are SMART (Specific, Measurable, Achievable, Relevant and Time-bound).</li> </ul> | <p>If the Risk Management framework is not clearly set out within Risk Management documentation there may be inconsistency in how this is applied or interpreted, and the Risk Management framework may not be as robust as possible.</p> | <p><b>R2</b> Review the Risk Management Guidance for the points noted within this report and amend it as considered appropriate.</p> | <p><b>Agreed.</b> Risk Management Guidance will be redrafted and presented for agreement at the next meeting of the GCRB Audit Committee.</p> <p><b>To be actioned by: GCRB Executive Director</b></p> <p><b>No later than: August 2016</b></p> |              |          |
|   |   |  | <table border="1"> <tr> <td><b>Grade</b></td> <td><b>3</b></td> </tr> </table>  | <b>Grade</b> | <b>3</b> |
| <b>Grade</b>  | <b>3</b>  |  |   |              |          |

| Observation   | Risk   | Recommendation  | Management Response  |
|---|--|---|--|
| <p><b>Objective 3: Responsibility for managing risks is clearly assigned and responsible individuals have been trained in risk management</b></p> <p><b>Responsibilities</b><br/>The Risk Management Policy and Procedure clearly set out responsibilities of individuals and groups regarding Risk Management.</p> <p><b>Risk Management Training</b><br/>We note that the Interim Chief Officer is a chartered accountant and in his role at SFC he has been involved with Risk Management for a significant period and has attended many courses covering Risk Management.</p> <p>The GCRB Board skills matrix has a Risk Management category, and this indicates that there are a sufficient number of Board members who have Risk Management skills.</p> | <p>If the likelihood or impact of risks increases significantly informal arrangements may not escalate risks appropriately to ensure they are mitigated as well as might be possible..</p> | <p><b>R3</b> Put in place a formal risk escalation process and document this within the Risk Management Policy and Procedure and / or Risk Management Guidance.</p> | <p><b>Agreed.</b> Risk Management Policy and Procedure and Guidance will be redrafted and presented for agreement at the next meeting of the GCRB Audit Committee.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>No later than:</b> August 2016</p> |
| <b>Grade</b>  |  |   | <b>3</b>   |

| Objective 3: Responsibility for managing risks is clearly assigned and responsible individuals have been trained in risk management<br>(Continued)   |   |  |   |
|--|---|--|---|
| Observation  | Risk  | Recommendation   | Management Response   |
| <p>We noted that on the 25 January 2016 Risk Register of the 12 risks set out: 10 of these had net risk scores higher than their risk tolerance, meaning that risks are at levels higher than GCRB considers is tolerable, and would indicate a need to:</p> <ul style="list-style-type: none"> <li>● implement a greater level of controls in order to reduce the net risk scores or create contingency plans; or</li> <li>● increase risk tolerances; or</li> <li>● reconsider the net risk scores;</li> <li>● or a mixture of the above.</li> </ul> | <p>Risk levels are higher than the levels considered acceptable by the GCRB Board, and this may impact on GCRB's ability to deliver its strategic goals and statutory objectives.</p> | <p><b>R4</b> Consider the implications of the risk scoring and ensure appropriate action is taken.</p> | <p><b>Agreed.</b> A draft updated risk register will presented for agreement at the next meeting of the GCRB Board.</p> <p><b>To be actioned by: GCRB Executive Director</b></p> <p><b>No later than: August 2016</b></p> |
|  |   |  | <p><b>Grade</b> 2</p>   |

**Objective 4: Risk management is embedded within GCRB's activities and is undertaken on all projects**

**Projects**

There are no specific projects undertaken by GCRB. However we note that there is some collaboration between assigned colleges on projects, such as the current common application system project. There is reporting to the Performance and Resources Committee on these projects, and these updates are a means of overseeing whether projects are on budget, within deadlines and have appropriate quality mechanisms. We note that the Terms of Reference of the Performance and Resources Committee states 'The committee shall:

- a) oversee the implementation of regional projects and make recommendations to the Board in relation to implementation and advise on any matters of concern; and
- b) monitor and keep under review the effectiveness of the implementation of regional projects and receive reports on a regular basis'.

From our review of the common application system project updates that have gone to the Performance and Resources Committee we consider that these are adequate, and we note that each paper presented had a section on risks as part of the standard structure of GCRB Board and Committee papers.

The Board advised on 25 January 2016 that although they had a strategic Risk Register that they wanted to identify risks at the GCRB committee level. Papers to committees include discussion of relevant risks and we consider that this is sufficient to address this. We also noted that the Risk Management Guidance refers to 'Level 2' risks being identified however at the time of audit fieldwork this had not been done. The guidance originally came from one of the assigned colleges where identification of 'Level 2' risks would be appropriate, however we consider that this may not be appropriate for GCRB, and have included further consideration of this in the list of minor observations for further review.

**Objective 5: There is adequate ongoing monitoring and reporting of risk management processes, as well as consideration of how to continually improve these**

**Monitoring and Reporting of Risk Management**

As set out under Objective 1 the GCRB Board reviews the Risk Register to ensure that: key risks are captured; the residual risk impact and likelihood is assessed; and that suitable mitigating actions are shown on the Risk MAPs. The Risk Register is updated quarterly by the Interim Chief Officer, although if any risks are identified between meetings these may be raised with the Chair at weekly meeting the Interim Chief Officer has with Chair.

From review of the GCRB Board minutes of 27 October 2015 and 25 January 2016 we noted that the Risk Register was reviewed in detail and that there was appropriate discussion and review of this by the Board.

We noted that the Glasgow Colleges Group Sustainability Sub-group reviewed the GCRB and 3 assigned college Risk Registers in March 2016 for the first time, and the Interim Chief Officer advised that this is planned to be done on an ongoing basis in future.

We reviewed the risk register, risk tolerance, set risk scores, and risk MAP and noted a number of minor points that have been highlighted to the Interim Chief Officer.

| Observation   | Risk  | Recommendation   | Management Response  |
|---|---|--|--|
| <p><b>Objective 5: There is adequate ongoing monitoring and reporting of risk management processes, as well as consideration of how to continually improve these (Continued)</b></p> <p><b>Risk Register Review</b></p> <p><b>a) Target score</b><br/>We noted the target risk score was the same as the risk tolerance in 11 of the 12 risks given. From discussion with the Interim Chief Officer it was noted that the two are essentially the same and that the target risk score should be removed</p> | <p>There is no benefit from having a risk tolerance and target.</p>   | <p><b>R5</b> Remove the risk target and update the Risk Management Guidance to reflect this.</p>   | <p><b>Agreed.</b> A draft updated risk register will be presented for agreement at the next meeting of the GCRB Board.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>No later than:</b> August 2016</p> |
| <p><b>b) Risk Movement:</b><br/>It was noted that the Board cover paper to the 25 January 2016 GCRB Board Risk Register highlighted where there were changes in likelihood or new risks, however it only provided the risk numbers and did not state what these risks were or have a short description outlining why these had changed.</p>   | <p>It is inefficient for Board members to have to identify what risks have changed, and Board members may not be aware of why these have changed.</p> | <p><b>R6</b> Ensure the Risk Management paper to the Board sets out for all risks that have changed the risk descriptions and reason/s for the change.</p> | <p><b>Agreed.</b> A draft updated risk register will be presented for agreement at the next meeting of the GCRB Board.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>No later than:</b> August 2016</p> |
|   |   |  | <p><b>Grade</b></p> <p style="text-align: center;"><b>3</b></p>  |
|   |   |  | <p><b>Grade</b></p> <p style="text-align: center;"><b>3</b></p>  |

| Objective 5: There is adequate ongoing monitoring and reporting of risk management processes, as well as consideration of how to continually improve these (Continued)  |  |   |   |              |          |
|---|--|---|---|--------------|----------|
| Observation   | Risk   | Recommendation  | Management Response   |              |          |
| <p><b>Risk Register Completeness</b><br/>We reviewed the risk register for completeness against two other FE Colleges' risk registers, and also from our own consideration of key risks relating to GCRB, and we noted that the following items could be considered for including on the GCRB strategic risk register:</p> <ul style="list-style-type: none"> <li>• Disruption to services and / or partnership working resulting from loss of a key staff member or over office space / IT equipment; and</li> <li>• The Regional Outcome Agreement is not appropriately aligned with local needs / poor market intelligence.</li> </ul> <p>We also noted:</p> <ul style="list-style-type: none"> <li>• Risk 12 relates to reputation risk but could be better reworded to deal with external public relations and media relations as well; and</li> <li>• Risk 5 covers 'breakdown in performance in the assigned colleges (including academic quality management arrangements)' but could also refer in the brackets to financial stability issues.</li> </ul> | <p>Not all risks may be adequately monitored and mitigated</p> | <p><b>R7</b> Consider whether the Risk Register should be amended for the items noted in this report.</p> | <p><b>Agreed.</b> These items will be considered at the next meeting of the GCRB Board.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>No later than:</b> August 2016</p> |              |          |
|   |  |   | <table border="1"> <tr> <td><b>Grade</b></td> <td><b>3</b></td> </tr> </table>  | <b>Grade</b> | <b>3</b> |
| <b>Grade</b>  | <b>3</b>   |   |   |              |          |

**Objective 5: There is adequate ongoing monitoring and reporting of risk management processes, as well as consideration of how to continually improve these (Continued)**

**Annual Statement on the Effectiveness of the System of Risk Management**

We note that during 2014/15 there was not a formal risk management framework in place and hence there was no statement on the effectiveness of the system of Risk Management and internal controls in the 2014/15 financial statements.

For 2015/16 the Interim Chief Officer advised he plans to formally outline the controls in place and the sources of assurance over their effectiveness and will provide this to the Audit Committee to inform their assessment of the effectiveness of the system of Risk Management. The Audit Committee will then provide this to the Board for their consideration and approval and inclusion in the financial statements.

**Objective 6: There is an appropriate process in place in order to gain oversight of assigned colleges' risk management frameworks, and to review the assurance that is provided over these by college management, Boards and external auditors**

We note that from the June 2016 meeting of the Audit Committee it is planned that the assigned colleges' internal and external audit reports will go to the Interim Chief Officer for them to review and then will go to the Audit Committee in full.

There will be an annual review of the assigned colleges' annual audit reports (internal audit and external audit reports and opinions). This will be done for the first time at the June 2016 meeting of the Audit Committee for the 2014/15 annual reports.

Reliance will be placed on the statements on the effectiveness of systems of Risk Management and internal controls within the assigned colleges' annual report and financial statements which the Interim Chief Officer advised will be provided to the Audit Committee.

The Glasgow Colleges Group Sustainability Sub-group, which the Interim Chief Officer attends, reviews all three assigned colleges' risks registers. This has three purposes: to inform GCRB's Risk Register; to allow sharing thoughts on risks including changes in risk scores; and to give the Interim Chief Officer some assurance that risks are being managed.



## Annex E - GCRB Risk Policy – Risk Tolerance Guidance

### Risk tolerance

GCRB’s approach is to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established. GCRB’s appetite for risk across its activities is provided in the following statements, and is illustrated diagrammatically:

| Tolerance type                        | Risk tolerance score |   |   |   |   |   |
|---------------------------------------|----------------------|---|---|---|---|---|
|                                       | 1                    | 2 | 3 | 4 | 6 | 9 |
|                                       |                      |   |   |   |   |   |
| Reputation                            |                      |   |   |   |   |   |
| Compliance                            |                      |   |   |   |   |   |
| Financial                             |                      |   |   |   |   |   |
| Education and student experience      |                      |   |   |   |   |   |
| Major change activities               |                      |   |   |   |   |   |
| Environment and social responsibility |                      |   |   |   |   |   |
| People and culture                    |                      |   |   |   |   |   |

**Reputation** – It is regarded as critical that the GCRB preserves its high reputation. The GCRB therefore has low appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by the Scottish and UK political establishment, and funders of its activities.

**Compliance** – GCRB places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, bribery or fraud.

**Financial** – GCRB aims to achieve long term financial viability and overall financial strength for both itself and the region. Any activity which has a risk score of 4 or greater where the financial impact is greater than 1% of total income exceeds GCRB’s risk tolerance.

**Education and Student Experience** – GCRB hopes that students in the region will be stimulated to develop a lifelong thirst for knowledge and learning, and therefore encourages a pioneering and innovative approach to learning delivery. It recognises that this should involve an increased degree of risk in developing education and the student experience, and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood and that sensible measures to mitigate risk are established.

Major Change activities (e.g. projects and collaborations) – Major change activities are required periodically. GCRB expects such changes to be managed according to best practice in project and change management, and has low appetite for deviating from such standards.

Environment and Social Responsibility – GCRB wishes the region to make a significant, sustainable, and socially responsible contribution to Glasgow and Scotland through its education and operational activities. It recognises that this should involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood and that sensible measures to mitigate risk are established.

People and culture – GCRB will support the assigned colleges in their efforts to value, support, develop and utilise the full potential of staff across the region. GCRB places importance on a culture of equality and diversity, dignity and respect, collegiality, the development of staff, and the health and safety of staff, students and visitors. It has low appetite for any deviation generally recognised standards in these areas.